CALIFORNIA COASTAL COMMISSION

CENTRAL COAST DISTRICT OFFICE 725 FRONT STREET, SUITE 300 SANTA CRUZ, CA 95060 (831) 427-4863



Th9b

February 24, 2000

To: Commissioners and Interested Persons

From: Tami Grove, Central Coast Deputy Director

Charles Lester, District Manager

Steven Guiney, Coastal Program Analyst

Subject: City of Morro Bay Local Coastal Program Major Amendment

Number 1-99. For public hearing and Commission action at its meeting of March 16, 2000, to be held at the Carmel Mission Inn, 3665 Rio Road, Carmel, CA 93923,

(831) 624-1841.

Synopsis

The City of Morro Bay has submitted a Local Coastal Program amendment request to revise the existing, certified land use designation and zoning on two adjacent parcels located in the west-central part of the City from visitor serving and mixed visitor serving/residential to residential. Staff is recommending that the LCP amendment request be denied.

The parcels proposed for redesignation, which together total approximately 4.5 acres, are bounded on the east by Main Street, on the south by Olive Street, on the west by the Embarcadero, and on the north by South Street (see Exhibit 3). The smaller parcel, about 1.55 acres, lies between Morro Avenue and the bluff overlooking the Embarcadero. The larger parcel, about 2.95 acres, lies to the east between Morro Avenue and Main Street. The larger parcel has a house on it. The smaller parcel is vacant. Both parcels are vegetated with iceplant and non-native grass. A small grove of Eucalyptus trees grows on the north-central part of the larger parcel.

Residential development lies across Main Street to the east of the site, across South Street to the north of the site, and across Olive Street to the south of the site. To the west is the southern end of the Embarcadero, which is a waterfront visitor-serving area of the City.

In support of its amendment request, the City has provided economic information analyzing the amount of land in the City that is available for visitor serving uses, and the historical and projected needs for visitor-serving land that allows for visitor serving uses. The information supplied by the City argues that there are sufficient lands available for visitor serving uses for at least the next 25-50 years, based on economic projections, historical visitor serving developments and the types of visitor serving uses that could be sustained in Morro Bay. Environmental information supplied by



- 2 -

the City indicates that the Eucalyptus trees on the site provide autumnal roosting sites for Monarch butterflies, but that the site is not suitable for over-wintering of Monarchs.

It should also be noted that the proponent of the amendment, who wishes to create residential development on the site, has agreed to the blufftop parcel being designated and zoned as open space if the interior parcel is redesignated and rezoned for residential uses only. This is reflected in concept plans supplied to both the City and Commission staff. Additionally, City staff has indicated that the City would not oppose such a redesignation and rezoning of the blufftop parcel. Having the blufftop parcel in open space would guarantee that views are protected and that the *Eucalyptus* habitat is enhanced.

Although the City has supplied an economic analysis that provides some basis for allowing the rezoning, the question of meeting future visitor-serving land use demand is not easily quantfied. In other words, there a number of qualitative assessments that must be made in order to evalute this question. In light of this, staff is recommending that the proposed rezoning and land use redesignation are not consistent with the Coastal Act policies that protect and provide for visitorserving development in the coastal zone. In particular, the site: (1) is large relative to other possible visitor-serving sites in the City of Morro Bay and is one of two large sites along the shoreline currently zoned for visitor-serving commercial development; (2) provides a unique location along the shoreline with excellent coastal views over the estuary to the sand spit separating the estuary from the ocean and to Morro Rock; (3) is directly adjacent to an improved accessway to the Embarcadero, Tidelands Park, and the public boat launch; and (4) is only four to six blocks from both the central Embarcadero, where the majority of waterfront attractions are located, and from the City's downtown core. In addition, although the analysis submitted by the City makes quantitative economic projections concerning future demand for new visitor-serving development in Morro Bay to support the redesignation proposal, these projections do not meet the level of analytic certainty required to justify a redesignation of these parcels from the high priority use of visitor-serving commercial to a residential use. Staff recommends, therefore, that existing designations for the Caratan/Colmer parcels remain, and that the LCP amendment be denied.

TABLE of CONTENTS

I.	STA	FF RECOMMENDATION	3
	A.	Land Use Plan Motion and Resolution.	3
	B.	Implementation Plan Motion and Resolution	3
II.	FINDINGS		
	A.	Description	4
		Background	
	C.	Visitor Serving Lands	5
		Environmentally Sensitive Habitat	
		California Environmental Quality Act (CEQA)	
III.	EX	HIBITS	

- A. Resolution 18-99
- B. Ordinance 478
- 1. Location Map

- 3 -

- 2. Vicinity Map
- 3. Assessor's Parcel Map
- 4. Downtown and Embarcadero Location Map
- 5. Zoning Map
- 6. C-VS Areas Map
- 7. C-VS Special Permit Area
- 8. Tables A G of Land Use Study
- 9. Other Large C-VS Site Map
- 10. Economic Study Executive Summary
- 11. Correspondence

I. STAFF RECOMMENDATION

Staff recommends that the Commission, after public hearing, <u>deny</u> the proposed re-designation and rezoning.

A. Land Use Plan Motion and Resolution

I. Denial as Submitted

MOTION: I move that the Commission certify Land Use Plan Amendment 1-99 as submitted by the City of Morro Bay.

STAFF RECOMMENDATION TO DENY:

Staff recommends a **NO** vote. Failure of this motion will result in denial of the amendment as submitted and adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the appointed Commissioners.

RESOLUTION TO DENY:

The Commission hereby denies certification of the Land Use Plan Amendment 1-99 as submitted by the City of Morro Bay and adopts the findings set forth below on the grounds that the amendment does not conform with the policies of Chapter 3 of the Coastal Act. Certification of the Land Use Plan amendment would not comply with the California Environmental Quality Act because there are feasible alternatives or mitigation measures which could substantially lessen any significant adverse impact which the Land Use Plan Amendment may have on the environment.

B. Implementation Plan Motion and Resolution

1. Denial as Submitted

<u>MOTION I</u>: I move that the Commission reject the Implementation Program for City of Morro Bay certified LCP as submitted.

- 4 -

STAFF RECOMMENDATION OF REJECTION:

Staff recommends a **YES** vote. Passage of this motion will result in rejection of Implementation Program and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

RESOLUTION TO DENY CERTIFICATION OF THE IMPLEMENTATION PROGRAM AS SUBMITTED:

The Commission hereby denies certification of the Implementation Program submitted for the City of Morro Bay certified LCP and adopts the findings set forth below on grounds that the Implementation Program as submitted does not meet the requirements of and is not in conformity with the policies of Chapter 3 of the Coastal Act Certification of the Implementation Program would not meet the requirements of the California Environmental Quality Act as there are feasible alternatives and mitigation measures that would substantially lessen the significant adverse impacts on the environment that will result from certification of the Implementation Program as submitted.

II. FINDINGS

A. Description

The City of Morro Bay has submitted a Local Coastal Program amendment request to revise the existing, certified land use designation and zoning on two adjacent parcels ("Caratan/Colmer site") located in the west-central part of the City from visitor serving and mixed visitor serving/residential to residential. The parcels, which together total approximately 4.5 acres, are bounded on the east by Main Street, on the south by Olive Street, on the west by the Embarcadero, and on the north by South Street (see Exhibit 3). The smaller parcel, about 1.55 acres, lies between Morro Avenue and the bluff overlooking the Embarcadero. The larger parcel, about 2.95 acres, lies to the east between Morro Avenue and Main Street. The larger parcel has a house on it. The smaller parcel is vacant. Both parcels are vegetated with iceplant and non-native grass. A small grove of Eucalyptus trees grows on the north-central part of the larger parcel.

Residential development lies across Main Street to the east of the site, across South Street to the north of the site, and across Olive Street to the south of the site. To the west is the southern end of the Embarcadero, which is a waterfront visitor-serving area of the City.

B. Background

Prior to incorporation of the City of Morro Bay on July 17, 1964, the Caratan/Colmer site was residentially zoned, R-3, according to the County Zoning Ordinance. In 1966 the site was rezoned to R-3-D, and in 1967 to R-4. Upon certification of the City's LCP in 1982, the zoning of the site was changed to Visitor Serving Commercial (C-VS) on the easterly half of the interior parcel along Main Street, and Visitor Serving Commercial/ Medium Density Residential (C-VS/R-2) on the westerly half of the interior parcel and on almost all of the bluff parcel, except for the toe of the bluff parcel, which is zoned Open Area 2 (OA-2) (see Exhibit 5). That is the current zoning on the property. The land use designation is C-VS, Mixed Use Area "A" on the easterly half of the interior

- 5 -

parcel, Residential Medium Density on the westerly half of the interior parcel and most of the blufftop parcel, and Open Space Recreation on the toe of the bluff (see Exhibit A).

Subsequent to certification of the LCP, a proposal for a hotel/conference center on the site was denied by the City Council on November 12, 1985. The Council found that the scale and type of the project would have been out of character with the neighborhood, would have created unacceptable levels of traffic and noise, would have necessitated abandoning a portion of Morro Avenue, and that there was no identified need for the new hotel/motel rooms. That project would have consisted of a 4350 square foot community conference center, a 184 room hotel, four cottages, a 2700 square foot restaurant, a 1300 square foot lounge and bar, an 800 square foot coffee shop, and 1200 square feet of retail space.

No other proposals for site development have been formally considered by the City since the 1985 denial of the hotel/conference center. A post office and a commercial development on the site were discussed subsequent to 1985, but apparently community sentiment was not favorable. Neither of these potential projects was ever subject to a public hearing.

C. Visitor Serving Lands

The Coastal Act places a high priority on providing for visitor-serving and recreational land uses in the coastal zone. This is particularly true for oceanfront land.

Coastal Act Section 30213. Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred.

Section 30221. Oceanfront land suitable for recreational use shall be protected for recreational use and development unless present and foreseeable future demand for public or commercial recreational activities that could be accommodated on the property is already adequately provided for in the area.

Section 30222. The use of private lands suitable for visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over private residential, general industrial, or general commercial development, but not over agriculture or coastal-dependent industry.

Section 30250. (a) New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources. In addition, land divisions, other than leases for agricultural uses, outside existing developed areas shall be permitted only where 50 percent of the usable parcels in the area have been developed and the created parcels would be no smaller than the average size of surrounding parcels.

- 6 -

The City has a fairly large amount of visitor serving lands. Land designated and zoned Visitor-Serving Commercial (C-VS) in the City of Morro Bay is concentrated in the area known generally as the Embarcadero. There are five other areas in the City that are zoned C-VS, but none has as great an intensity or as great a diversity of visitor-serving uses as does the Embarcadero area. The existing visitor serving uses in the Embarcadero area include restaurants, motels, fishing gear sales and rentals, sportfishing charters, kayak rentals, a small aquarium, a recreational vehicle park, and miscellaneous retail shops. The other visitor-serving areas (and the existing uses there) include South Bay Boulevard/Quintana Road (recreational vehicle/travel trailer park), The Inn at Morro Bay (hotel), Highways 1 and 41 (restaurant, travel trailer parks, gas station, liquor store), West Atascadero Road (motel, arcade, roller skating rink), and Bonita Street (apartments, recreational vehicle/trailer park) (see Exhibit 6).

In addition to the C-VS zone district, most visitor-serving uses are also allowed in the Central Business (C-1) Zone District. Also, the base zoning district notwithstanding, visitor-serving commercial and recreation uses may be permitted in the area labeled "the Embarcadero" in the Coastal Land Use Plan/Coastal Element. That area is defined as the area between Beach Street on the north, Olive Street on the south, Main Street on the east and the waterfront on the west. This includes the Caratan/Colmer property and all of the land for eight blocks to the north and ranging from two to four blocks in width (please see Exhibit 7). LUP Policies 2.03 and 7.06A also refer to this area as one that "shall be considered a mixed commercial fishing and visitor-serving recreational" area. This area is currently developed with a variety of land uses including residential, office, general commercial, and visitor-serving commercial (hotel, motel, restaurant).

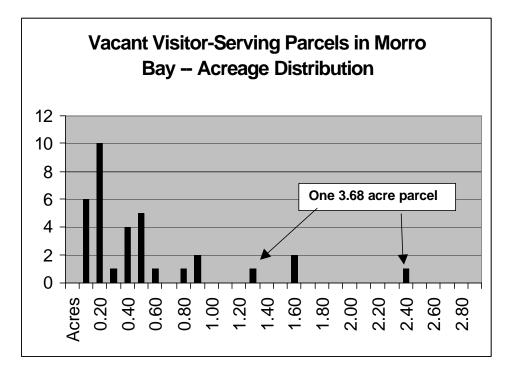
According to information submitted by the City in the *Visitor Serving Commercial (C-VS) Land Use Study*, there are almost 71 acres of land zoned Visitor-Serving Commercial (C-VS), with almost 16 acres currently vacant. The subject property constitutes about 6 percent of the C-VS zoned land in the City and about 27 percent of the vacant C-VS land in the City (please see Exhibit 8). The study, though, indicates that there is only one other C-VS site of similar size to the Caratan/Colmer site. That is a 3.68 acre site composed of two parcels near the high school on West Atascadero Road/Hwy 41 (please see Exhibits 6 & 9). That site is right at the inland edge of the sand dunes. Although any visitor-serving development there could provide excellent access to the beach and could have attractive views of the dunes and Morro Rock, the site is also directly across Atascadero Road from the wastewater treatment plant and the City's corporation yard. In addition, the site is farther from the central Embarcadero (about one mile) than is the Caratan/Colmer site.

As shown in the figure below, the remaining 32 vacant C-VS parcels in the City of Morro Bay are quite small, with 21 of the 32 being less than 0.5 acres. These 32 parcels total 10.67 acres; the average size is 0.33 acres.

There is one much larger site in the City on which there has been speculation about visitor-serving development. That is the Tri-W site near the southeast end of Morro Bay Boulevard (see Exhibit 6). The 13 acre Tri-W site is located about one mile from the Embarcadero at one of the farthest points in the City from the waterfront and beaches. Litigation in 1993 resulted in a court order requiring the City to withdraw a request to rezone the Tri-W property to include areas zoned C-VS. Instead the Tri-W site was zoned C-1, which normally does allow most visitor serving uses. However, it is

- 7 -

not clear if the court order meant only that none of the property could be zoned C-VS or that no visitor serving uses were allowed on the site, even under the C-1 zoning. Regardless, the Tri-W site would not provide a high quality visitor-serving location compared to the Caratan/Colmer site.



In addition to these areas, the City has noted that there are a number of other visitor-serving areas in the vicinity of Morro Bay that provide for adequate visitor-serving land uses. These include Montaña de Oro State Park south of the City, Morro Bay State Park in the southern part of the City, and Morro Strand State Beach in the northern park of the City.

A report evaluating the development potential for visitor-serving uses on the Caratan/Colmer site was prepared at the request of Commission staff (please see Exhibit 10 for the Executive Summary). The report investigated the visitor-serving retail market and the lodging market in Morro Bay as well as the suitability of the site for various kinds of visitor-serving developments, including hotel and conference center, moderately priced motel with retail, boutique hotel, recreational vehicle park, visitor attraction with support retail, and a parking lot for visitors to the Embarcadero. The report concluded that market demand for visitor serving retail space during the next 15 years would be 0.45 acres and that the market demand for lodging during the next 15 years would range from 0.4 to 3.37 acres (with a 30 year demand for 4.1 acres). The report also concluded that the Caratan/Colmer site is not suitable for any of the potential visitor-serving uses investigated.

While the report analyzes various economic data, it does not meet the level of analytic certainty required to justify a redesignation of the Caratan/Colmer site from the high priority use of visitor-serving commercial to a residential use. First, the economic projections used to support the finding that the site is not necessary for future visitor-serving development are not convincing. For

- 8 -

example, the study acknowledges that there is insufficient hotel/motel occupancy rate data to project long-term future demand greater than fifteen years, even while the same data is sufficient, apparently, to project the 15 year demand:

As shown on Table 11, occupied room-nights have grown from 156,000 in 1993 to 177,000 in 1998, an increase of 2.6 percent per year for the period. Currently, Morro Bay has sufficient supply to host 328,135 potential room-nights (899 rooms occupied 365 days a year).

As indicated previously, 60 to 65 percent or more annual average occupancy is considered a breakeven point for an individual lodging establishment, and a lodging market is considered ready for new development when overall occupancy rates reach 65 to 70 percent. Using these assumptions, when the overall market reaches approximately 213,000 to 230,000 room-nights per year, additional hotel rooms could be supported. In the next 15 years, assuming a growth rate of 2.6 percent per year (based on historical room-night occupancy trends), the Morro Bay hotel/motel market will demand a total of 260,000 room-nights. This will create market support for approximately 30,000 to 46,000 more room-nights translating into additional market support for development of 117 to 195 potential rooms. Given that occupancy data is available for only six years and includes an economic downturn and recovery (and therefore may not be representative of long term growth), there is not sufficient quality data to use this method of estimates of 30 year demand (p.30).

The study goes on to use the 15 year projection, as well as a 30 year projection based on 10 years of motel revenue trends, to calculate the necessary acreage to provide for 23-195 rooms. This ranges from 0.4 to 3.37 acres (assuming 750 sq. feet per hotel room).

In addition to the fundamental uncertainty of the projection analysis, the study also provides somewhat contrary evidence that the visitor-serving economy in the City of Morro Bay is strong, which supports a finding to preserve a site such as Caratan/Colmer for future visitor-serving development. For example, the study cites the 1998 Economic Outlook for San Luis Obispo County, prepared by UCSB, which shows a 2.6 percent increase in visitors to SLO County from 1996 to 1997. Visitor expenditures in 1997 were up 7.2 percent from 1996. According the City's report, the UCSB report concludes that "the outlook for the tourism industry in the County is considered favorable . . . (p. 7)."

Specific to Morro Bay, the study documents that occupancy rates for retail space on the central Embarcadero is high – approximately 90-95 percent. The report concludes that "[b]ased on estimates of total retail square footage for [the Waterfront District], the District appears to be relatively healthy, grossing approximately \$175 to \$200 per square foot of retail space (p. 15)." The report also documents strong growth in overall visitor-serving spending in SLO County of approximately 0.7 percent annually. More significantly, the study documents an *annual* increase in hotel receipts in the City of 3.4% from 1993/94 to 1998/99; and a 14.2% increase in vacation rental receipts for the same period. Not surprisingly, the report cites interviews with two rental agencies

- 9 -

in Morro Bay that indicated that vacation rental demand has been strong in the past several years, and that "an expanded supply of these units would be marketable" (p. 26).

According to information supplied by the City, most visitor-serving development is taking place or is proposed to take place in the central Embarcadero area where there are several vacant parcels and developed parcels that are proposed to be redeveloped.

A number of new visitor-serving developments have been built or are being planned recently as well, which also suggests that demand for visitor-serving development is strong. For example, the Ascot Inn and Suites, which has 31 rooms, opened in 1998. The City also recently received a development application for 10 new rooms at the site of the Harbor View Motel. The report also cites a proposed development of 80 hotel rooms along the Embarcadero, which is in the early conceptual stages of planning (Anthony's Restaurant site). In short, recent and pending development proposals would suggest a strong market for new visitor-serving development.

In terms of planning and providing for visitor-serving development on a County-wide basis, section 30250 of the Coastal Act directs new visitor-serving development towards existing urbanized areas. Thus, in contrast to the rural areas of the San Luis Obispo County coastal zone, it is important to acknowledge that the Caratan/Colmer site is a logical urban location and important option for new visitor-serving development within the context of future *regional* demand for visitor-serving development sites.

Another difficulty with the quantitative analysis of the report analyzing future visitor-serving demand is that it diminishes the qualitative significance of the particular site through the aggregation of economic and acreage data. Thus, the comparison of the projection of a certain total acreage demand into the future with the total acreage available does not address the specific features of the Caratan/Colmer site that may make it an important visitor-serving parcel in the future.

First, the report notes that the site is approximately one-half mile from the central Embarcadero, and concludes that this is "beyond the walking distance most lodging uses require from a central attraction." However, the site is within 3 or 4 blocks of the edge of the central business district and immediately adjacent to the southern end of the Embarcadero, which is not too far removed from this activity. An example of a lodging use being at a similar distance from a central attraction can be found on Cannery Row in Monterey. The Monterey Bay Aquarium is located at one end of Cannery Row. At the other end of the street is the Monterey Plaza Hotel, just under a half mile away. Although the two situations are not exactly analogous, there are similarities. Between both the aquarium and the Monterey Plaza Hotel and the Caratan/Colmer site and the central Embarcadero/downtown Morro Bay there are numerous visitor-serving uses including restaurants and gift shops. Ocean and/or bay views are afforded to those walking between the hotel and the aguarium and between the Caratan/Colmer site and the Embarcadero. Were the site more remote from the Embarcadero, it might be appropriate to change the zoning and land use designation from visitor-serving to residential or some other land use category. However, in this case, the Commission finds that the location and size of the site require that it remain available for visitorserving uses.

- 10 -

The subject property is also located in the central part of Morro Bay overlooking the Embarcadero and harbor area with excellent views of the sandspit, Morro Rock, and the ocean. It is also immediately adjacent to an improved accessway that connects the blufftop to the Embarcadero and the public boat launch below. In addition, although the study provided by the City argues that the site is unsuitable for a variety of visitor-serving development, much of this argument is based on the distance of the site from the central visitor activity area; the lack of freeway access; and the development costs of the site, such as addressing water and blufftop development constraints. None of these issues are compelling reasons for not preserving the visitor-serving opportunity of this unique site. The study also partially acknowledges this by concluding that "[a] moderately priced motel facility could be a suitable use on a portion of the site... " (p.41).

Therefore, for the reasons discussed above, the Commission finds that the requested amendment to the certified Local Coastal Program is inconsistent with Coastal Act Sections 30213, 30221, and 30222, and 30250(a) and cannot be approved.

D. Environmentally Sensitive Habitat

Coastal Act Section 30240. (a) Environmentally sensitive habitat areas shall be protected against any significant disruption of habitat values, and only uses dependent on those resources shall be allowed within those areas. (b) Development in areas adjacent to environmentally sensitive habitat areas and parks and recreation areas shall be sited and designed to prevent impacts which would significantly degrade those areas, and shall be compatible with the continuance of those habitat and recreation areas.

The two lots involved in this proposed LCP amendment are mostly covered with non-native grasses and iceplant. Both lots have *Eucalyptus* growing on them which, according to a biological survey prepared for the City by V.L. Holland, Dennis Frey, and Galene Tupen, provide autumnal roosting sites for Monarch butterflies. The same survey concludes that the site is not suitable as overwintering habitat for Monarchs because it is too windy, the tree stands are too open, there is too much sunlight due to the open canopy, there is almost no mid-level understory, the vegetation is not dense enough, and the site consists of relative uniform roosting level canopy. Several groves of *Eucalyptus* in the coastal zone in the Morro Bay, Los Osos, Pismo Beach, and Grover Beach areas of San Luis Obispo County are important sites for Monarch butterfly autumnal roosting and/or overwintering. These groves include Morro Bay State Park, Sweet Springs Marsh, Pecho Road, and Pismo State Beach (see Exhibits 1 & 2).

This LCP amendment request does not directly affect the *Eucalyptus* habitat. Any development on the site, though, whether visitor-serving or residential, could adversely impact the habitat. The concept plan for proposed residential development on the site indicates removal of most of the *Eucalyptus* habitat on the interior parcel and enhancement of *Eucalyptus* habitat on the bluff parcel. It should be noted that the proponent of the amendment, who wishes to create residential development on the site, has agreed to the blufftop parcel being designated and zoned as open space if the interior parcel is redesignated and rezoned for residential uses only. This is reflected in concept plans supplied to both the City and Commission staff. Additionally, City staff has indicated that the City would not oppose such a redesignation and rezoning of the blufftop parcel. Having the

- 11 -

blufftop parcel in open space would guarantee that views are protected and that the *Eucalyptus* habitat is enhanced.

The biological survey states that the development of the interior parcel as proposed in the concept plan "will cause loss of an <u>autumn</u> monarch roosting site. . . ." The survey further suggests habitat enhancement and preservation on the bluff parcel if the interior parcel is to be developed. Although the trees are not mapped as environmentally sensitive habitat, it appears that they may be an environmentally sensitive area as defined in Coastal Act Section 30107.5:

Any area in which plant or animal life or their habitats are either rare or especially valuable because of their special nature or role in an ecosystem and which could be easily disturbed or degraded by human activities and developments.

According to the biological survey,

The project's Bluff Parcel habitat enhancement plan may be regarded as speculative, but all restoration projects are speculative to a certain extent. The Xerces society in its Monarch Project's – Conservation and Management Guidelines cautions about overly optimistic predictions regarding enhancement success (Bell et al. 1993).

The biological report then briefly discusses apparently successful habitat enhancements at the Monarch Lane wintering site nearby in Los Osos and concludes that the

facts suggest that the return of monarchs to the Monarch Lane site simply mirrored the abundance and distribution patterns throughout the region rather than being a direct response to habitat modification.

Any future development of the Caratan/Colmer site will need to address the protection of environmentally sensitive habitat under the certified LCP. The Commission finds that although the requested amendment is consistent with Coastal Act Section 30240, avoidance of impacts to sensitive habitats, as required by 30240 and the LCP, will be preferred in future development proposals.

E. California Environmental Quality Act (CEQA)

The Coastal Commission's review and development process for LCPs and LCP amendments has been certified by the Secretary of Resources as being the functional equivalent of the environmental review required by CEQA. Therefore, local governments are not required to undertake environmental analysis on LCP amendments, although the Commission can and does utilize any environmental information the local government has developed. Here, the City did not perform or require an environmental review under CEQA. CEQA requires that alternatives to the proposed action be reviewed and considered for their potential effect on the environment and that the least damaging feasible alternative be chosen as the alternative to undertake. The proposed amendment would remove the visitor-serving land use designation and zoning by modifying the maps and the

- 12 -

text of the LUP and IP. This would facilitate residential development on the site. Although the City has supplied important economic information regarding visitor-serving uses in the City and potential visitor-serving development on the subject site, there is not sufficient data available to provide the level of analytic certainty needed to justify the proposed land use designation and zoning changes. Therefore, the Commission finds that less environmentally damaging alternatives are available.